

Message Text

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ACTION ARA-14

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C O N F I D E N T I A L MEXICO 15173

EO 11652: GDS

TAGS: ELAB, PINT, MX

SUBJECT: MEXICAN LABOR DEPT OFFICIAL COMMENTS ON UNEMPLOYMENT, MIGRATORY WORKERS AND POSSIBLE U.S. ASSISTANCE

1. DURING OFFICE CALL SEPT 8, LIC. MARCOS MANUEL SUAREZ, OFFICIAL MAYOR OF LABOR SECRETARIAT AND GOM'S SPOKESMAN ON UNDOCUMENTED WORKER PROBLEM DURING AUGUST MEETING OF SOCIAL WORKING GROUP IN MEXICO CITY, OFFERED SEVERAL INTERESTING COMMENTS ON EMPLOYMENT SITUATION, IMPLICATIONS FOR UNDOCUMENTED WORKER PROBLEM, POSSIBLE U.S. ASSISTANCE TO HELP ALLEVIATE UNDERLYING CAUSES OF PROBLEM, WAGE OUTLOOK AND GENERAL ECONOMIC SITUATION.

2. SUAREZ SAID THAT GOM UNDER LOPEZ PORTILLO'S LEADERSHIP HAS FOR FIRST TIME PUBLICLY RECOGNIZED MAGNITUDE OF UNEMPLOYMENT SITUATION AND IS FORMULATING MEDIUM- AND LONG-TERM INTER-SECTORIAL PLANS TO COPE WITH SITUATION. HE SAID IMMEDIATE MEASURES HAVE ALREADY BEEN APPROVED AND
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FOREIGN SECRETARY ROEL HAS TAKEN COPY OR OUTLINE OF PROGRAM TO WASHINGTON. SUAREZ COMMENTED THAT SERIOUSNESS OF USG IN WANTING TO HELP MEXICO REDUCE ECONOMIC CAUSES OF MIGRANT WORKER FLOW WILL BE MEASURED BY ITS WILLINGNESS TO PROVIDE APPROPRIATE ASSISTANCE (TECHNICAL, FINANCIAL AND EXPANDED MARKETS FOR GOM PRODUCTS). SUAREZ DID NOT SPECIFY WHEN OR WITH WHOM ROEL INTENDED TO DISCUSS

GOM PLAN TO REDUCE UNEMPLOYMENT BUT REPEATED THAT ROEL HAD TAKEN MATERIAL WITH HIM TO WASHINGTON.

3. SUAREZ SPOKE AT LENGTH ABOUT SERIOUS PROBLEM OF URBAN/ RURAL UNEMPLOYMENT AND ITS IMPACT ON MIGRATION, NOTING THAT IT WOULD BE SIX YEARS AT BEST BEFORE GOM COULD HOPE THROUGH REVITALIZED ECONOMY, FAMILY PLANNING, CAREFUL PROGRAM OF JOB CREATION, ETC. TO GENERATE ENOUGH JOBS TO KEEP PACE WITH GROWING URBAN LABOR FORCE. MEANWHILE, HE SAID MIGRATORY FLOWS, WHICH ARE PART OF DEVELOPMENT PROCESS, EVENIN DEVELOPED COUNTRIES, WILL CONTINUE AND CANNOT BE CONTROLLED BY POLICE MEASURES.

4. ON OVERALL ECONOMIC SITUATION, SUAREZ SAID ECONOMY HAS BOTTOMED OUT AND IS MOVING TOWARD RECOVERY. IMF MEDICINE IN TERMS OF FINANCIAL GUIDELINES IS "BITTER PILL" AND POTENTIALLY DISRUPTIVE SOCIALLY BUT NECESSARY. 1978 WILL STILL BE A DIFFICULT YEAR BUT SITUATION SHOULD IMPROVE SIGNIFICANTLY IN 1979. INDUSTRIAL EMPLOYMENT AS MEASURED BY SOCIAL SECURITY ROLLS DROPPED SEVEN PERCENT DURING FIRST SIX MONTHS OF THIS YEAR, RAISING SPECTER OF DANGEROUS SOCIAL PROBLEM BECAUSE VAST MAJORITY OF SS ENROLLEES ARE ORGANIZED AND CAPABLE OF MOUNTING POTENTIALLY DISRUPTIVE PROTESTS. WITH INDUSTRIAL EMPLOYMENT LOSSES NOW STABILIZED AND NEW HIRINGS BEGINNING TO REVERSE TREND, HOWEVER, SUAREZ HOPES THAT BY END OF YEAR EMPLOYMENT LEVEL IN
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ORGANIZED INDUSTRIAL SECTOR WOULD RETURN TO DECEMBER 1976 LEVELS.

5. ASKED ABOUT WAGE AND OVERALL LABOR SITUATION, HE EXPRESSED HOPE THAT SERIOUS STRIKES COULD BE AVOIDED, ALTHOUGH HE IMPLIED THAT GOM WOULD TOLERATE (IF NOT WELCOME) A CERTAIN NUMBER OF STRIKES TO HELP MAINTAIN LOYALTY OF ORGANIZED LABOR. WITH LUCK AND MINOR SLIPPAGES, HE SAID GOM INTENTION IS TO HOLD WAGE INCREASES TO TEN PERCENT FOR BALANCE OF YEAR. HE RECOGNIZED THAT WORKERS' REAL WAGES ARE NOW LAGGING BEHIND 1977 PRICE INCREASES BUT AGREED THAT CONTINUING DROP IN INFLATION RATE WOULD ASSIST GOM IN HOLDING DOWN WAGE INCREASES AT LEAST FOR REST OF THIS YEAR.

6. COMMENT: SUAREZ WAS CORDIAL, ARTICULATE AND DEVOTED TWO HOURS OF HIS BUSY SCHEDULE TO FRANK DISCUSSION OF GOM PROBLEMS. HE REPEATEDLY STRESSED JLP'S RECOGNITION OF SERIOUS UNEMPLOYMENT SITUATION AND HIS EFFORTS TO REORGANIZE, RATIONALIZE AND IMPROVE ABILITY OF GOM BUREAUCRACY TO COPE WITH PROBLEM. WHILE HE DID NOT SPECIFY EXACT NATURE OF SHORT-TERM GOM PROGRAM OR MEASURES TO COPE WITH UNEM-

PLOYMENT, HE CERTAINLY IMPLIED THAT SECRETARY ROEL WOULD
BE EXPLORING QUESTION OF POSSIBLE AND APPROPRIATE USG
ASSISTANCE. THOMPSON

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